

WASHINGTON, DC - Today, the Medicare Trustees released the annual report that examines the financial status of the Medicare Hospital Insurance (HI) Trust Fund. This Trust Fund is financed by a 2.9 percent dedicated payroll tax, which is split between current workers and their employers, and pays for current Medicare Part A benefits. This is the Medicare Trust Fund that is often discussed in terms relating to years of solvency. The Supplemental Medicare Insurance (SMI) Trust Fund pays for Part B benefits and is funded by beneficiary premiums and general revenue; solvency is never an issue with the SMI fund because it is paid for in "real time" by current beneficiaries and general revenue. The 2003 Trust Fund report shows that the Medicare HI Trust Fund will be solvent for until 2026 – 23 years. This is the third best projection in the history of the program. See attached chart for historical information on solvency.

"Some will try to use today's report to justify their plans to turn Medicare into a voucher program," cautioned Rep. Pete Stark. "But don't be fooled by Republican rhetoric. Solvency is still close to an all-time high. And research shows that productivity gains in the coming years will go a long way toward making up for a declining worker-to-retiree ratio."

"Those who try to use today's news as justification to advance ill-conceived so-called reform proposals are simply trying to deflect attention from their ultimate goal to siphon taxpayer funds to the insurance industry by pushing elderly and disabled Medicare beneficiaries into managed care and other private plans," said Stark.

"While there is no crisis, we should be concerned about the underlying cause for the reduction in solvency between last year and this year," Stark continued. "This change is primarily attributable to a drop in the Trust Fund's payroll tax income, which has been caused by the Bush recession. This is just one more example of the damaging effects of the President's economic policies. With job loss at a post-World War II high and long-term unemployment on the rise, the President should focus on creating jobs here at home."

"We are sure to hear cries of crisis from those who want to end Medicare as we know it," warned Stark. "But the only crisis facing this program is the Republican budget and their ideological agenda."